



Reducing Costs and Increasing Profit Margins at Securities Firms by Synchronizing Reference Data Throughout the Enterprise

Benefits of a TIBCO RDM Solution

Deployed in a securities firm, the TIBCO RDM solution delivers a range of benefits, including:

- Reducing the number of trade failures and their attendant costs
- Eliminating operational risk associated with data loss and trade exposure
- Improving standards compliance
- Meeting higher levels of customer service through more timely trade settlement
- Reducing the total cost of ownership



Securities firms today are adjusting to a changing industry landscape characterized by an increasing number of trades but lower shares-per-trade, lower profit margins per trade, high reconciliation costs, and data proliferation. Managing reference data related to trades has become an issue of growing importance, and presents a three-part challenge.

Creating a repository of rich, harmonized reference information is the first part, and many organizations are effectively addressing it with help from such data vendors as Reuters, FT Interactive, and S&P. The second part is maintaining the integrity of that information over time so the solution benefits are long lasting. While such data as security information is provided via daily feeds from external sources, other types of information such as client or counterparty data are constantly being added and modified ad hoc by different internal stakeholders. Without proper information management processes in place, even the best solution will soon become obsolete and the benefits will be short-lived. The third part of the challenge is ensuring that all reference data pertaining to a trade is distributed to all applications that use it, both within and outside the enterprise. Many securities firms are attempting to do that, but may not be using the best tools. As a result, they are experiencing more problems settling trades, increased transactional costs, lower customer satisfaction, and reduced profit margins.

Synchronizing information in enterprise databases using point-to-point connections is complex, inflexible, and difficult to scale, resulting in high total cost of ownership. It can also lead to breakdowns in transactional processes, inability to assess counterparty risk, and an increase in order-to-cash cycles.

A reference data management (RDM) solution enables securities firms to manage and align enterprise reference data assets such as the security master, counterparty master, or client master and to build and support the necessary procedures to ensure that clean data stays clean. With an RDM solution such as TIBCO Collaborative Information Manager™, firms can efficiently distribute accurate, consistent master data assets to multiple systems, departments and trading partners.

Assessing the Reference Data Management Challenge

Trading firms face a number of data management challenges, including:

- A lack of consistent information across transactional applications
- A lack of automated processes or controls to validate and manage data
- Growth – organic or via acquisition – that creates data fragmentation
- Regulatory and information reporting requirements

Managing reference data is a case in point. Reference data is everywhere in the enterprise: in treasury, settlement, portfolio accounting, order management, FX, derivatives and elsewhere. It is decentralized – a recent study¹ showed firms had 43 systems containing client and counterparty data and 37 systems containing securities data. It causes operational risk: 30 percent of trade failure is a direct result of inaccurate reference data². Most importantly, exceptions can have a significant impact on profit margins.

For trades to be settled efficiently, the reference data stored in all applications within the firm must be synchronized in order to remain consistent. When it is not, exceptions occur and trades do not settle. For example, if the customer master database is not synchronized with the treasury master database, information on a customer, such as the current account number, may be different, and the back office will not be able to settle the trade.

Many firms have tried to synchronize the information in enterprise databases with point-to-point connections. The infrastructure created by this approach is complex, inflexible, and difficult to scale. It also results in a high total cost of ownership (TCO), as it requires custom programming and considerable IT maintenance time to perform one-off modifications as relationships among systems change or business priorities evolve. Other business impacts of a point-to-point integration architecture include breakdowns in transactional processes, inability to assess counterparty risk, and an increase in order-to-cash cycles.

¹ "Securities Industry Insights and Data Management Challenges," Tower Group, 2003

² TowerGroup//Reuters Survey, 2001

³ "Securities Industry Insights and Data Management Challenges," Tower Group, 2003

Meeting the Challenge with Reference Data Management

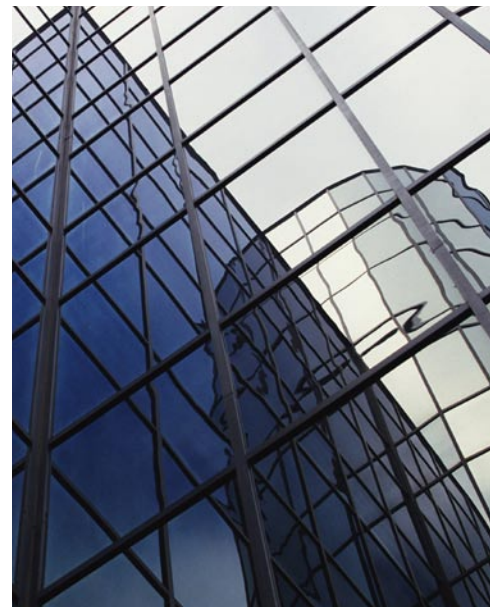
To effectively manage reference data, securities firms need a coherent, comprehensive reference data management strategy based on a proven reference data management (RDM) solution that:

- Contains workflow rules for synchronization of securities master files and account records across multiple enterprise applications.
- Allows for new records to be published to a central repository, validated, and propagated to all subscribing applications in batch or real-time, depending on the nature of the data.
- Includes a central repository serving as a warehouse that applications can call directly for data.
- Incorporates user interfaces that provide monitoring, audit trail on amendments to existing records, authorization profiles, data analytics, and the ability to create new records.

TIBCO Collaborative Information Manager – An Industry-Leading RDM Solution

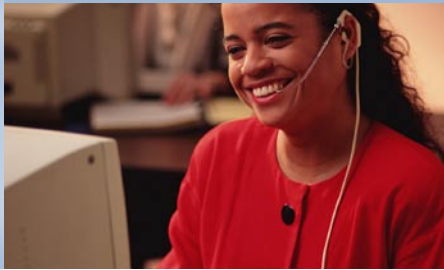
TIBCO offers an RDM solution that directly addresses the reference data management challenge that securities firms face. Providing a harmonized central repository and point of reference for reference data, TIBCO's RDM solution synchronizes relevant subsets of master data with all downstream transactional applications, trading partners, and industry utilities in the right format. TIBCO's solution is multi-domain, providing a single platform for all types of reference data. It also provides the necessary processes and rules to manage the introduction of new data so that clean data stays clean.

TIBCO Collaborative Information Manager, the cornerstone of TIBCO's RDM solution, is a self-contained application that provides rich out-of-the-box functionality to deliver the key capabilities for RDM, including total information management, advanced business process automation, internal and external synchronization, and business intelligence and reporting. Best practice templates for the data model, validation rules, transformation maps, and information management processes are embedded directly into the application for rapid deployment and a low TCO.



“The harmonization of product and customer data provides a cornerstone on the road to SOA. With true master data, Web services and the related business processes will become more accurate, timely, and efficient, leading to improved ROI on existing investments as well as improved business intelligence.”

Forrester Research
From *Trends 2006: Master Data Management*; March 6, 2006



TIBCO Software Inc.

(NASDAQ: TIBX) is the leading independent business integration software company in the world and a leading enabler of real-time business, helping companies become more cost-effective, more agile and more efficient. TIBCO has delivered the value of real-time business, what TIBCO calls The Power of Now[®], to thousands of customers around the world and in a wide variety of industries.

Integrating an Independent RDM Layer with Existing Systems

For an RDM solution to be successful, it has to be tightly integrated with the underlying IT environment. TIBCO Collaborative Information Manager supports multi-channel, bi-directional synchronization with internal systems, trading partners, and external feeds.

TIBCO provides a complete RDM solution supported by a high-powered business integration platform that encompasses enterprise application integration (EAI), business-to-business (B2B), enterprise service bus (ESB), and extraction, transformation, and loading (ETL) capabilities as well as necessary monitoring and management. All TIBCO products, while designed to integrate well with each other, are open and standards-based, so TIBCO Collaborative Information Manager can work with whatever integration platform a securities firm may already have in-house.

With over 20 years of experience in distributed computing for global organizations across industries, TIBCO delivers a best-in-class RDM solution and the most comprehensive and cost-effective way for securities firms to meet the reference data management challenge.

To learn more about how TIBCO can help your organization, please visit the TIBCO web site at www.tibco.com.

www.tibco.com

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